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A LEGAL DISMISSAL WAGE

BY EDWARD ALSWORTH ROSS

University of Wisconsin

The old Russian Government—which was a conspiracy for helping the great capitalists and landowners to hold down and exploit the producing mass, though, to be sure, these magnates were often enough sick of the corruption and wickedness of the bureaucracy that safeguarded their economic interests—withheld from Russian workmen the right to strike by requiring them to give their employer a certain number of days' notice before quitting his employment. In order to appear to "tote fair" between labor and capital, the old régime offset this by a law requiring the Russian employer to pay his dismissed employee for two weeks beyond the term of employment.

After the revolution there was an endeavor to enforce this law and to give the dismissed workman a right to a month's wages instead of a fortnight's wages. In a number of industries the month of leeway was established by joint agreement. In the typographic industry masters and men agreed to a three months' minimum term of employment. When I was at Baku the hundred-odd oil firms were concluding an agreement with their 70,000 employees which stipulated, among other things, that on dismissal an employee should receive a month's pay for every year he had been in the service of the firm. The employers made no protest on this point for it simply made general a practice which long had been followed by the best oil companies.

In some cases the demands went pretty far. A large American manufacturing concern near Moscow was asked by its men to pay three months' dismissal wages for every year of service. On the break-up of the office force of a certain American life insurance company with headquarters in Petrograd the men put in a claim for six months' pay all around.

I do not know how the dismissal wage idea has fared under the new industrial order in Russia and I have little information as to its actual working during the troublous time in 1917 before the old order was broken up. But I believe that it rests on a sound principle and deserves to be seriously considered as a means of stabilizing industrial relations in this country.

In a mature and humane civilization great importance is at-

tached to the economic security of the individual. As the civil service develops, the public employee is protected in various ways against abrupt and undeserved dismissal. In universities it is customary to notify the instructor some time in advance of the termination of his employment. The professor is usually given a year's notice or else his salary is continued for at least a half year after his services are dispensed with. School boards, hospitals, churches, and non-gainful organizations generally, feel that it is indecent to cut off a faithful servant without giving him a reasonable time to look around for another place. Even from private employers professional men are usually able to secure an agreement not to end relations without a month or more of notice.

On the other hand, the practice of American industrial employers is really amazing in its lack of consideration for the worker found superfluous. No doubt many firms take a pride in building up and maintaining a stable labor force and give serious attention to the plight of the man they have to drop. But the average employer seems to give himself not the slightest concern as to what is to become of the worker let out through no fault of his own. I have heard of a firm long aware of the necessity of curtailment waiting till half an hour before the evening whistle blew to post a notice throwing hundreds of men out of a job for an indefinite time.

Since Americans are not generally inhumane, the barbarous "firing" policy so characteristic of our industries can be accounted for only as a revival from the time of the small concern when the competent workman let out could walk around the corner and get a job just as good. That such is not the case today may be learned simply by interviewing a number of workmen as to what loss of job has meant to them. What tales of tramping the streets looking for work, of rushing hither and thither on a rumor that this firm or that is taking on men, of returning night after night worn out and discouraged to an anxious family, of the sharp cutting down of household expenses, the begging of credit from butcher and grocer, the borrowing of small sums from one's cronies, the shattering of the hopeful plans for the children! Here are real tragedies, hundreds, nay thousands, of them a year in our larger centers, yet the general public goes its way quite unconscious. No wonder among wage earners the bitter saying is rife: "A workingman is a fool to have a wife and kids."

What of the far greater number who are employed con-

tinuously but who are always worrying lest they lose their jobs without warning? From conversation with wage earners one gathers that fear of finding a blue slip in the pay envelope really poisons life for multitudes. So long as many employing concerns move in their present ruthless inscrutable way, not deigning to give their men any advance hint of what will happen to them, there will be resentment and unrest in the ranks of labor, no matter how reasonable the hours and pay.

The tragedy in the situation of the wage earner in the modern industrial organization has been his *insecurity*. Step by step we have lessened this. Mechanics lien laws did away with the risk of losing his pay, postal savings banks with the risk of losing his savings, "safety first" with the risk of preventable industrial accidents, accident compensation with the risk of losing livelihood by injury in his work, pensions with the risk of a destitute old age. The chief insecurity which remains is that of losing one's job. How can we lessen that? Establish for the workman who has been with the employer long enough to establish the presumption that he is of value—say six months—the legal right to receive a fortnight's free wages when he is dismissed without fault on his part. This would give him two weeks to look about and find himself another job. Even if he has nothing saved up and no credit, it would be a month or more before his family came into acute distress. There are few competent men who cannot find a job in a month unless times are hard, and during hard times their recourse will be an altogether different provision, namely, unemployment insurance. Still more important, however, is the consideration that the man who has made good on the job and continues to make good would be relieved of the haunting fear of off-hand dismissal. It will not pay his employer to fire him for frivolous reasons, and if business is slack the men let out will be men recently taken on, who have not yet established the right to the dismissal wage.

The dismissal wage should not be looked upon as something held back out of wages which a man will never get unless he is "fired." It should be regarded in the light of the "compensation for disturbance" which some countries allow the evicted tenant who has farmed the land well.

Of course the man who "fires himself" by persistent negligence or misconduct should get no dismissal wage, and since an unscrupulous employer might charge fault when there is none, there will have to be local boards to hear complaints on this score.

The employee who quits of his own free will to take a better job or do something else has no claim. But since such an employee might "soldier" or grow careless just in order to get himself "fired," the employer must have the right to escape paying him a dismissal wage by proving to the local board that he is "soldiering." As a matter of fact no workman could afford to get the reputation among employers of being that kind of man.

Until we have accident, sickness, and old-age insurance, incompetency arising from accident, sickness, or old age, would not, of course, release the employer from the obligation to pay a dismissal wage. The dismissal wage might be combined with a system of unemployment insurance by providing that the unemployment allowance should not begin until the end of the term for which free wages are paid.

The legal dismissal wage should not become involved with strikes and lockouts. Let the rule be that the striker has not relinquished his job any more than the man who has been absent on account of sickness. When the man resumes his job—whether on his terms or on the employer's—he has whatever rights he had when he struck. Only in case he applies for his job and is refused is he entitled to a dismissal wage. If he never applies, he gets nothing.

Let the lockout be looked upon as if it were a temporary stoppage owing to a fire or a dearth of fuel or raw material. When the men are taken on again all is as before. If they stay away they get nothing. If they are refused their old jobs they get the dismissal wage.

If the employer goes bankrupt his men's dismissal wages constitute precisely the same kind of claim on his assets as their back wages.

Since an employer could always avoid dismissing a man by cutting his wages to so low a point that the man would quit of his own accord, the cutting of a competent workman's pay below the "going" wage for the time and place should be construed as dismissal. Likewise when an employee without fault is reduced to a lower position in the works, or is shifted permanently to harder or more onerous work, the workman should have the option of staying on or claiming dismissal pay and leaving.

What of "lay off" when, on account of slack business, the men dismissed are not replaced? Instead of dismissing men, let the employer cut down hours uniformly in the shop, and not until he cuts them below half time shall the men have the option of staying or of taking their dismissal wage and leaving. When a man is

laid off because there is not enough work to keep him busy but the job is supposed to be held open to him, let the dismissal wage payment be strung out through six weeks. If the employer has him back sooner he saves himself something.

A board to decide all such questions should be created in each industrial community. One member should represent employees, another employers, and the third should be named by the State Industrial Commission.

How would the legal dismissal wage affect employers? On all hands it is agreed that the amount of labor turnover in American industries is scandalous. I know of an industry employing 28,000 men which not long ago hired and "fired" at least that many men a year. Fifty-seven Detroit plants last year took on and let out two and a half times as many men as they carried on the pay roll. Few employers have any conception of what they lose by such a turnover. The inquiries of M. W. Alexander show that the hiring of 22,031 unneeded employees in twelve factories involved an economic waste of a million dollars, that is, 3½ per cent of the total wage bill.

The obligation to pay a dismissal wage would give such employers a motive to make their practice conform to that of those thoughtful and humane employers who have brought their annual turnover in some cases down to 30 per cent, with profit to themselves and contentment to their employees. They would find it paid to give attention to human engineering, to instal employment managers who would investigate why an employee is doing badly and would find a way to remove the cause. Before letting a man go with a fortnight's free wages, they would try him out in different positions or departments, in the hope of finding the right place for him, or would even provide him with the instruction which would enable him to make good on the job.

Just as the burden of accident compensation sinks to the minimum in the case of the employer who takes the most pains and goes to the most expense to eliminate accidents from his mill, so the burden of a legal dismissal wage will be least on the employer who picks his men most carefully, tries them out most speedily, and gives the most care to building up a permanent labor force. By providing the worker with an added inducement to keep a good job and the employer with an added inducement to keep a good man, it would tend to stabilize American industry and favor the survival of the types of employer and worker society ought most to encourage.